



**Royal Canadian Legion  
Financial Standardization  
Training Manual**

May 2015

# **Preface**

From Zone to Command, our organization aspires to offer the support and guidance that your individual branches need, especially when it comes to your financial stability. With this in mind, we are pleased to present this training manual to assist you with that goal.

Our first objective was the standardization of the chart of accounts to be used for the reporting of branch financial activities. This chart can be used whether you are using accounting software, computerized spreadsheet methods or even manual ledgers.

The second objective was to assist branches with reaching their goal of profitability by offering training in the area of financial management and reporting.

We are confident that this manual will serve you well not only in the area of Legion guidelines but also with respect to the requirements that come from all levels of our government.

# Index

<b>Section</b>	<b>Description</b>	<b>Page</b>
<b>Financial Standardization</b>		
1-A	Treasurer's Responsibilities	03
1-B	Branch Finance Committee Responsibilities	03
1-C	Finance Review Committee Responsibilities	04
2-A	Financial Statements and your new Chart of Accounts	04
	Standardized Chart of Accounts	06
	When do you present your Financial Statements	12
2-B	Reading Financial Statements	13
	Sample Financial Statements	14
	Sample Comparative Financial Statements	17
3	Standard Accounting Procedures	20
3-A	Processing and reporting revenues	20
3-A (1)	Bar Sales	20
3-A (2)	Special Events	20
3-A (3)	Bingo and other Lottery Activities	21
3-A (4)	Poppy Activities	21
3-B	Processing and reporting expenses	21
3-B (1)	Bar expenses	22
3-B (2)	Special Event expenses	22
3-B (3)	Furniture and Equipment replacement	22
3-B (4)	Payroll and other employee remunerations	22
3-B (5)	Harmonized Sales Tax (HST)	23
3-C	Reconciliation of Accounts	25
4	Contacts and Resources	26
<b>Reading Financial Statements</b>		
5	Reading Financial Statements	28
6	Cheat Sheets for Reading you Financial Statements	28
7	Interpreting your Financial Statements	29
	Interpreting the Balance Sheet	29
	Sample Balance Sheet with notes	30
	Interpreting the Statement of Profit & Loss	31
	Sample Statement of Profit & Loss with notes	33

## **Section 1-A**

### **Treasurer's Responsibilities**

Your Treasurer is the person who performs the required duties as determined by the Regulations and By-Laws. Further to the guidelines held within this handbook, please refer to page 18 of the Royal Canadian Legion Officers Manual for further details.

The position of Treasurer is no longer a matter of just entering data. It requires dedication to training as required and we are here to help you with that.

The five components to the criteria that will lead to success in this position are:

1. Training on basic bookkeeping skills is an asset;
2. Dedicated to the time requirements;
3. Organized and timely in the production of their duties;
4. Able to question with comfort any transactions;
5. Able to respect the rules of confidentiality.

## **Section 1-B**

### **Branch Finance Committee Responsibilities**

The role of the Finance Committee is to advise the Executive as well as the members of the branch. They do so following the guidelines as set out by the Branch and Command.

It is up to the Executive to ensure that all financial activities conform to the rules of the Legion, as well as those set out by the various governments.

There are numerous components that lead to having a successful Finance Committee. They include but are not limited to:

1. Experience reading financial statements or the willingness to learn;
2. Ensuring that the recording of the financial transactions is performed in a timely and accurate manner;
3. Ensure that any person handling money is bonded;
4. Routinely review financial operations of the bar to ensure that prices, inventory levels, etc. are properly set to ensure a positive revenue to offset expenses;
5. Carry out regular, independent and random reviews of all bar operations;
6. Review each event or activity to ensure profitability;
7. Maintain and control signing authorities for Branch funds.

To assist the committee with their endeavour the following reports should be requested from the treasurer on a monthly basis:

1. Statement of Profit and Loss;
2. Balance Sheet;
3. List of all accounts payable;
4. Bank reconciliation report.

## **Section 1-C**

### **Finance Review Committee Responsibilities**

Not to be confused with the Branch Finance Committee, the Review Committee is mandated to conduct the arms-length review that is required on an annual basis. This review report should include not only detailed findings but come with comparatives and recommendations.

In order to accommodate the annual branch visits by your Zone Commanders the annual review must be completed within 90 days of the fiscal year end. In the case of your General Operations and Lottery Activities this would be by August 31st, and in the case of your Poppy activities it would be December 31st.

Some branches choose to source out the review to a firm of professionals while others create a Review Committee comprised of members from the branch.

While either format is acceptable, the following is the criteria that should be considered when assembling a committee created using members of your branch.

- Must not be members of the Executive nor be related by blood, marriage or common-law relationships;
- Experience reading Financial Statements;
- Must use the Branch Financial Review Committee Guidelines as set out by Ontario Command.

## **Section 2-A**

### **Financial Statements and your new Chart of Accounts**

#### **1) What are Financial Statements?**

Accurate financial statements are the main tool used to manage your finances. Primarily they include two reports. The first being the Statement of Profit and Loss and the second one is your Balance Sheet.

For your statements to present a clear and concise picture, a good Chart of Accounts is essential. Likening it to a roadmap your Chart of Accounts acts as the GPS for the recording of your financial activities.

Given this and the obvious desire from all for change, we invite you to refer to pages 06 to 11 where you will find that standardized chart of accounts for your General Operations, Lottery and Poppy Activities that have been prepared. We are confident that they will assist you in a clear and concise way with understanding of your financial position.

The first section of the Account listing deals with the accounts that appear in the assets section on your Balance Sheet. They cover assets such as bank accounts, cash floats, accounts receivable, buildings etc.

The second section covers your liabilities, items such as amounts due to the various government agencies, accounts payable, loans and mortgages etc.

**Closing off the Balance Sheet is the third section which covers equity. In the case of the Royal Canadian Legion, the Opening Balance Equity account simply shows a cumulative total of your final profit or loss position of all prior years. The retained earnings account gives you your net position for the current fiscal period.**

**In viewing the account listing for your income and expenses you will see that departments or sections have been set up. This was done to help break down the Statement of Profit and Loss with the goal of being able to more readily see the net income of your various activities.**

**Although we are presenting you with a standardized Chart of Accounts, we do recognize that some branches have certain activities that others don't. With this in mind, use the accounts that you need and should additional sub-accounts be required, we invite you to add them.**

# Royal Canadian Legion

## Standardized Chart of Accounts

### General Operations

Account	Type
Bank Account - General Operating	Current Asset
Bar	
Floats	Current Asset
Building Fund	Current Asset
Cash to be deposited	Current Asset
Inventory	Current Asset
Investments	Current Asset
Building	Fixed Asset
Accounts Payable	Current Liability
GST/HST Payable	Current Liability
Payroll Liabilities	Current Liability
Payroll Liabilities:Vacation Payable (Accrued)	Current Liability
Bank Loan / Line of Credit	Long Term Liability
Mortgage Payable	Long Term Liability
Opening Balance Equity	Equity
Retained Earnings	Equity
<b>BAR INCOME</b>	<b>Income</b>
Beer	Income
Coolers	Income
Food	Income
Liquor	Income
Soft Drinks, Water, Juice	Income
Wine	Income
<b>EVENTS INCOME</b>	<b>Income</b>
Friday Night Dinners	Income
Other Events Income	Income
Ticket Sales - Dances	Income
<b>OTHER INCOME</b>	<b>Income</b>
Catering	Income
Donations - Ladies Auxiliary	Income
Donations to Building Fund	Income
Legions Supplies / Insignia	Income
Membership Dues	Income
Miscellaneous Income	Income
Ways & Means	Income

# Royal Canadian Legion

## Standardized Chart of Accounts

### General Operations

Account	Type
<b>RENTAL INCOME</b>	Income
Bingo Rent	Income
Hall Rentals	Income
Storage from Poppy	Income
<b>SPORTS INCOME</b>	Income
Cribbage	Income
Darts	Income
Euchre	Income
<b>BAR CGS</b>	Cost of Goods Sold
Beer	Cost of Goods Sold
Coolers	Cost of Goods Sold
Food	Cost of Goods Sold
Liquor	Cost of Goods Sold
Soft Drinks, Water, Juice	Cost of Goods Sold
Wine	Cost of Goods Sold
<b>BAR EXPENSES</b>	Expense
Bar Short/Over	Expense
Bar Supplies	Expense
Liquor License	Expense
Sundries	Expense
<b>BUILDING EXPENSES</b>	Expense
Cleaning	Expense
Ground Maintenance	Expense
Heat	Expense
Hydro	Expense
Insurance	Expense
Property Taxes	Expense
Rent	Expense
Repairs & Maintenance	Expense
Satellite / Cable TV	Expense
Security	Expense
<b>OPERATIONAL EXPENSES</b>	Expense
Advertising & Promotion	Expense
Bank & Service Charges	Expense
Bank Interest & Overdraft Fees	Expense
Bank Service Charges	Expense



# Royal Canadian Legion

## Standardized Chart of Accounts

### General Operations

Account	Type
OPERATIONAL EXPENSES - Continued	Expense
Bank & Service Charges - Continued	Expense
Interest from Suppliers	Expense
Mortgage / Loan Interest	Expense
Catering Expenses	Expense
Cenotaph	Expense
Conventions	Expense
Meals	Expense
Registration	Expense
Travel & Accomodation	Expense
Entertainment	Expense
Socan	Expense
Honours & Awards	Expense
Legion Supplies	Expense
Liability Insurance - Directors	Expense
Miscellaneous Expenses	Expense
Office Supplies & Expenses	Expense
Per Capita & Membership Fees	Expense
Postage	Expense
Professional Fees	Expense
Telephone & Internet Expenses	Expense
PAYROLL EXPENSES	Expense
Casual Labour	Expense
Employer CPP & EI Expenses	Expense
Employee Benefits	Expense
Wages - Bar	Expense
Wages - Cleaning	Expense
Wages - Office	Expense
WSIB Expense	Expense
SPECIAL (CAPITAL) EXPENSES	Expense
Furnace Replacement	Expense
Hot Water Heater Repair	Expense
Leasehold Improvements	Expense
Paving - Parking Lot	Expense

**Royal Canadian Legion  
Standardized Chart of Accounts  
General Operations**

<b>Account</b>	<b>Type</b>
<b>EVENTS EXPENSES</b>	Expense
Friday Night Dinners	Expense
Other Events Income	Expense
Dance Expenses	Expense
<b>SPORTS EXPENSES</b>	Expense
Cribbage	Expense
Darts	Expense
Euchre	Expense

# Royal Canadian Legion Standardized Chart of Accounts Poppy Trust Fund

Account	Type
Poppy Bank Account	Current Asset
Accounts Payable	Accounts Payable
GST/HST Payable	Current Liability
*Retained Earnings	Equity
Opening Bal Equity	Equity
Retained Earnings	Equity
Donations Received	Income
Salels - Wreaths	Income
Sales - Poppies	Income
Bank Charges	Expense
Bursaries	Expense
Donations (Out)	Expense
Office / Operating expenses	Expense
Poppy Seminar Expenses	Expense
Postage Expense	Expense
Poster & Literary Contests	Expense
Purchases - Poppies	Expense
Purchases - Wreath	Expense
Remembrance Day Dinner	Expense
Storage Fees	Expense

# Royal Canadian Legion

## Standardized Chart of Accounts

### Lottery Activities

Account	Type
Bingo Bank Account	Current Asset
Bingo Float	Current Asset
Lottery Bank Account	Current Asset
Lottery Float	Current Asset
Meat Draw Bank Account	Current Asset
Break Open Tickets Bank Account	Current Asset
Break Open Tickets Float	Current Asset
Accounts Payable	Current Liability
GST/HST Payable	Current Liability
Opening Bal Equity	Equity
Retained Earnings	Equity
<b>BINGO INCOME</b>	<b>Income</b>
Card Sales	Income
Bingo 50/50 Draws	Income
<b>LOTTERY INCOME</b>	<b>Income</b>
50/50 Draws	Income
Meat Draws	Income
Loonie Draws	Income
<b>BREAK OPEN TICKETS INCOME</b>	<b>Income</b>
Bank Interest Earned	Income
Break Open Tickets Sold	Income
<b>BINGO EXPENSES</b>	<b>Expense</b>
Bingo Cards, Paper & Supplies	Expense
Bingo Licenses	Expense
Bingo Office Expenses	Expense
Donation to Building Fund	Expense
Donations Paid Out	Expense
Prize Purchases	Expense
<b>LOTTERY EXPENSES</b>	<b>Expense</b>
Lottery Bank Charges	Expense
Office Expenses	Expense
Ticket Purchases	Expense
<b>BREAK OPEN TICKET EXPENSES</b>	<b>Expense</b>
Break Open Ticket Bank Charges	Expense
Donations	Expense
Licenses	Expense
Break Open Ticket Purchases	Expense
Transfer to Building Fund	Expense

**2) When do you present your Financial Statements?**

**Monthly Financial Statements for the period should be presented only upon completion of the bank reconciliation. With most financial institutions issuing statements within the first 7 – 10 days of each month, there is no excuse for the reconciliation not to be completed by the 15<sup>th</sup> of the month following.**

**With this in mind, Financial Statements should be ready for presentation to your Executive and / or General Membership by the 15<sup>th</sup> of the month following.**

**Mindful that the schedule for Executive and General Membership meetings vary from branch to branch, we present the following schedule as a guide with the criteria being that the Executive meeting is held within the first week of the month, followed by the General Membership meetings being held the between the 14<sup>th</sup> and 21<sup>st</sup> of the month.**

- a) For those branches whose meetings are held within the last 15 days of each month, the reconciled financial statements would be presented the following month.**

**IE: Executive Meeting held on the 15<sup>th</sup> of May;  
General Membership Meeting held on the 22<sup>nd</sup> of May;  
Reconciled Financial Statements presented for April.**

- b) For those branches whose meetings are held after the first week of each month, the reconciled financial statements would be presented in the subsequent month.**

**IE: Executive Meeting held on the 13<sup>th</sup> of May;  
General Membership Meeting held on the 20<sup>th</sup> of May;  
Reconciled Financial Statements presented for March.**

**In this case, the delay is as a result of the March bank statement not having been received with adequate time to process the bank reconciliation.**

**In either case, the bottom line is that at no time should presentation of reconciled Financial Statements to the General Membership exceed a 60 day period.**

## **Section 2-B**

### **Reading Financial Statements**

Having reviewed the new Chart of Accounts we invite you to see the benefits. Displayed on pages 14 through to 19 you will find the sample financial statements that result from your new Chart of Accounts. Clearly laid out, it is easy to see the end result of each of your departments.

With the layout of your statements now in a clearer format, we offer the following guidance with respect to understanding the numbers that appear on the statements.

First, the Statement of Profit and Loss is simply a summary of all money's collected and paid out during the period. Put in accounting language they are your income and expenses. When looking at the income section, included would be any money you would have collected even if it has not been deposited at the bank yet. Likewise, the values recorded in the expense section would include all your expenses whether your supplier has been paid or not.

## Royal Canadian Legion Sample Statement of Profit / Loss

<b>INCOME</b>	
<b>BAR INCOME</b>	
Beer	71,264.39
Liquor	<u>27,631.21</u>
<b>Total BAR INCOME</b>	<b>98,895.60</b>
<b>EVENTS INCOME</b>	
Friday Night Dinners	<u>12,979.05</u>
<b>Total EVENTS INCOME</b>	<b>12,979.05</b>
<b>OTHER INCOME</b>	
Catering	14,760.00
Membership Dues	<u>5,175.00</u>
<b>Total OTHER INCOME</b>	<b>19,935.00</b>
<b>RENTAL INCOME</b>	
Hall Rentals	<u>5,900.00</u>
<b>Total RENTAL INCOME</b>	<b>5,900.00</b>
<b>SPORTS INCOME</b>	
Darts	<u>627.00</u>
<b>Total SPORTS INCOME</b>	<b>627.00</b>
<b>TOTAL INCOME</b>	<b>138,336.65</b>
<b>COST OF GOODS SOLD</b>	
<b>BAR CGS</b>	
Beer	37,057.28
Liquor	<u>15,262.98</u>
<b>Total BAR CGS</b>	<u>52,320.26</u>
<b>TOTAL COST OF GOODS SOLD</b>	<b>52,320.26</b>
<b>GROSS PROFIT</b>	<b>86,016.39</b>
<b>EXPENSES</b>	
<b>BAR EXPENSES</b>	
Bar Short/Over	141.09
Bar Supplies	<u>4,369.52</u>
<b>Total BAR EXPENSES</b>	<b>4,510.61</b>

## Royal Canadian Legion Sample Statement of Profit / Loss

<b>BUILDING EXPENSES</b>	
Cleaning	6,240.00
Hydro	9,003.21
Insurance	<u>6,572.90</u>
<b>Total BUILDING EXPENSES</b>	<b>21,816.11</b>
<b>EVENTS EXPENSES</b>	
Friday Night Dinners	<u>8,627.34</u>
<b>Total EVENTS EXPENSES</b>	<b>8,627.34</b>
<b>OPERATIONAL EXPENSES</b>	
Advertising & Promotion	1,772.60
Bank & Service Charges	407.21
Catering Expenses	7,426.34
Liability Insurance - Directors	3,200.00
Per Capita & Membership Fees	4,716.00
Telephone & Internet Expenses	<u>1,562.39</u>
<b>Total OPERATIONAL EXPENSES</b>	<b>19,084.54</b>
<b>PAYROLL EXPENSES</b>	
Employer CPP & EI	818.20
Wages - Bar	<u>19,231.00</u>
<b>Total PAYROLL EXPENSES</b>	<b>20,049.20</b>
<b>SPORTS EXPENSES</b>	
Darts	<u>462.00</u>
<b>Total SPORTS EXPENSES</b>	<b>462.00</b>
<b>TOTAL EXPENSES</b>	<u><u>74,549.80</u></u>
<b>NET INCOME</b>	<u><u><b>11,466.59</b></u></u>



## Royal Canadian Legion Sample Balance Sheet

<b>ASSETS</b>	
Current Assets	
Chequing/Savings	
Bank Acc't - General Operating	37,321.77
Building Fund	<u>2,703.00</u>
Total Chequing/Savings	40,024.77
Other Current Assets	
Bar Floats	600.00
Inventory	4,296.33
Investments	<u>20,000.00</u>
Total Other Current Assets	<u>24,896.33</u>
 Total Current Assets	 64,921.10
Fixed Assets	
Building	<u>280,000.00</u>
Total Fixed Assets	<u>280,000.00</u>
 <b>TOTAL ASSETS</b>	 <b><u>344,921.10</u></b>
 <b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	<u>2,798.81</u>
Total Accounts Payable	2,798.81
Other Current Liabilities	
GST/HST Payable	3,599.83
Payroll Liabilities	<u>818.66</u>
Total Other Current Liabilities	<u>4,418.49</u>
 Total Current Liabilities	 <u>7,217.30</u>
 <b>Total Liabilities</b>	 7,217.30
Equity	
Retained Earnings	326,237.21
Net Income	11,466.59
Total Equity	<u>337,703.80</u>
 <b>TOTAL LIABILITIES &amp; EQUITY</b>	 <b><u>344,921.10</u></b>

# Royal Canadian Legion

## Sample Comparative Statement of Profit & Loss

	<u>Jun '11 - May 12</u>	<u>Jun '10 - May 11</u>	<u>\$ Change</u>	<u>% Change</u>
<b>INCOME</b>				
<b>BAR INCOME</b>				
Beer	71,264.39	54,869.30	16,395.09	29.88%
Liquor	27,631.21	19,472.42	8,158.79	41.9%
<b>Total BAR INCOME</b>	<u>98,895.60</u>	<u>74,341.72</u>	<u>24,553.88</u>	<u>33.03%</u>
<b>EVENTS INCOME</b>				
Friday Night Dinners	12,979.05	16,100.00	-3,120.95	-19.39%
<b>Total EVENTS INCOME</b>	<u>12,979.05</u>	<u>16,100.00</u>	<u>-3,120.95</u>	<u>-19.39%</u>
<b>OTHER INCOME</b>				
Catering	14,760.00	9,550.00	5,210.00	54.56%
Membership Dues	5,175.00	5,490.00	-315.00	-5.74%
<b>Total OTHER INCOME</b>	<u>19,935.00</u>	<u>15,040.00</u>	<u>4,895.00</u>	<u>32.55%</u>
<b>RENTAL INCOME</b>				
Hall Rentals	5,900.00	5,800.00	100.00	1.72%
<b>Total RENTAL INCOME</b>	<u>5,900.00</u>	<u>5,800.00</u>	<u>100.00</u>	<u>1.72%</u>
<b>SPORTS INCOME</b>				
Darts	627.00	512.00	115.00	22.46%
<b>Total SPORTS INCOME</b>	<u>627.00</u>	<u>512.00</u>	<u>115.00</u>	<u>22.46%</u>
<b>TOTAL INCOME</b>	138,336.65	111,793.72	26,542.93	23.74%
<b>COST OF GOODS SOLD</b>				
<b>BAR CGS</b>				
Beer	37,057.28	27,983.19	9,074.09	32.43%
Liquor	15,262.98	10,125.65	5,137.33	50.74%
<b>Total BAR CGS</b>	<u>52,320.26</u>	<u>38,108.84</u>	<u>14,211.42</u>	<u>37.29%</u>
<b>TOTAL COST OF GOODS SOLD</b>	<u>52,320.26</u>	<u>38,108.84</u>	<u>14,211.42</u>	<u>37.29%</u>
<b>GROSS PROFIT</b>	86,016.39	73,684.88	12,331.51	16.74%
<b>EXPENSES</b>				
<b>BAR EXPENSES</b>				
Bar Short/Over	141.09	137.96	3.13	2.27%
Bar Supplies	4,369.52	4,007.62	361.90	9.03%
<b>Total BAR EXPENSES</b>	<u>4,510.61</u>	<u>4,145.58</u>	<u>365.03</u>	<u>8.81%</u>

## Royal Canadian Legion

### Sample Comparative Statement of Profit & Loss

<b>BUILDING EXPENSES</b>				
Cleaning	6,240.00	6,240.00	0.00	0.0%
Hydro	9,003.21	7,754.66	1,248.55	16.1%
Insurance	6,572.90	6,431.40	141.50	2.2%
<b>Total BUILDING EXPENSES</b>	<u>21,816.11</u>	<u>20,426.06</u>	<u>1,390.05</u>	<u>6.81%</u>
<b>EVENTS EXPENSES</b>				
Friday Night Dinners	8,627.34	7,824.00	803.34	10.27%
<b>Total EVENTS EXPENSES</b>	<u>8,627.34</u>	<u>7,824.00</u>	<u>803.34</u>	<u>10.27%</u>
<b>OPERATIONAL EXPENSES</b>				
Advertising & Promotion	1,772.60	487.16	1,285.44	263.86%
Bank & Service Charges	407.21	396.00	11.21	2.83%
Catering Expenses	7,426.34	7,192.64	233.70	3.25%
Liability Insurance - Directors	3,200.00	3,200.00	0.00	0.0%
Per Capita & Membership Fees	4,716.00	4,961.00	-245.00	-4.94%
Telephone & Internet Expenses	1,562.39	1,554.74	7.65	0.49%
<b>Total OPERATIONAL EXPENSES</b>	<u>19,084.54</u>	<u>17,791.54</u>	<u>1,293.00</u>	<u>7.27%</u>
<b>PAYROLL EXPENSES</b>				
Employer CPP & EI	818.20	710.71	107.49	15.12%
Wages - Bar	19,231.00	16,680.50	2,550.50	15.29%
<b>Total PAYROLL EXPENSES</b>	<u>20,049.20</u>	<u>17,391.21</u>	<u>2,657.99</u>	<u>15.28%</u>
<b>SPECIAL (CAPITAL) EXPENSES</b>				
Furnace Replacement	0.00	7,800.00	-7,800.00	-100.0%
<b>Total SPECIAL (CAPITAL) EXPENSES</b>	<u>0.00</u>	<u>7,800.00</u>	<u>-7,800.00</u>	<u>-100.0%</u>
<b>SPORTS EXPENSES</b>				
Darts	462.00	473.00	-11.00	-2.33%
<b>Total SPORTS EXPENSES</b>	<u>462.00</u>	<u>473.00</u>	<u>-11.00</u>	<u>-2.33%</u>
<b>TOTAL EXPENSES</b>	<u>74,549.80</u>	<u>75,851.39</u>	<u>-1,301.59</u>	<u>-1.72%</u>
<b>NET INCOME / LOSS</b>	<u>11,466.59</u>	<u>-2,166.51</u>	<u>13,633.10</u>	<u>629.27%</u>

# Royal Canadian Legion

## Sample Comparative Balance Sheet

	<u>May 31 2012</u>	<u>May 31 2011</u>	<u>\$ Change</u>	<u>% Change</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
<b>Chequing/Savings</b>				
Bank Acc't - General Operating	37,321.77	24,835.56	12,486.21	50.28%
Building Fund	2,703.00	9,078.00	-6,375.00	-70.23%
<b>Total Chequing/Savings</b>	<u>40,024.77</u>	<u>33,913.56</u>	<u>6,111.21</u>	<u>18.02%</u>
<b>Other Current Assets</b>				
Bar Floats	600.00	600.00	0.00	0.0%
Inventory	4,296.33	4,600.00	-303.67	-6.6%
Investments	20,000.00	10,000.00	10,000.00	100.0%
<b>Total Other Current Assets</b>	<u>24,896.33</u>	<u>15,200.00</u>	<u>9,696.33</u>	<u>63.79%</u>
<b>Total Current Assets</b>	64,921.10	49,113.56	15,807.54	32.19%
<b>Fixed Assets</b>				
Building	280,000.00	280,000.00	0.00	0.0%
<b>Total Fixed Assets</b>	<u>280,000.00</u>	<u>280,000.00</u>	<u>0.00</u>	<u>0.0%</u>
<b>TOTAL ASSETS</b>	<u><u>344,921.10</u></u>	<u><u>329,113.56</u></u>	<u><u>15,807.54</u></u>	<u><u>4.8%</u></u>
<b>LIABILITIES &amp; EQUITY</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable	2,798.81	1,201.97	1,596.84	132.85%
<b>Total Accounts Payable</b>	<u>2,798.81</u>	<u>1,201.97</u>	<u>1,596.84</u>	<u>132.85%</u>
<b>Other Current Liabilities</b>				
GST/HST Payable	3,599.83	1,301.40	2,298.43	176.61%
Payroll Liabilities	818.66	372.98	445.68	119.49%
<b>Total Other Current Liabilities</b>	<u>4,418.49</u>	<u>1,674.38</u>	<u>2,744.11</u>	<u>2.96%</u>
<b>Total Current Liabilities</b>	<u>7,217.30</u>	<u>2,876.35</u>	<u>4,340.95</u>	<u>150.92%</u>
<b>Total Liabilities</b>	7,217.30	2,876.35	4,340.95	150.92%
<b>Equity</b>				
Retained Earnings	326,237.21	329,250.12	-3,012.91	-0.92%
Net Income	11,466.59	-3,012.91	14,479.50	480.58%
<b>Total Equity</b>	<u>337,703.80</u>	<u>326,237.21</u>	<u>11,466.59</u>	<u>3.52%</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>344,921.10</u></u>	<u><u>329,113.56</u></u>	<u><u>15,807.54</u></u>	<u><u>4.8%</u></u>

## **Section 3**

### **Standard Accounting Procedures**

The following are the basic and generally accepted accounting procedures for the reporting of all financial activities. The bookkeeping should be done no later than on a weekly basis, this to ensure that irregularities or errors can be corrected in a timely manner.

The books as well as the supporting documents for all financial activities should be kept at the Branch.

### **Section 3-A**

#### **Processing and Reporting of Revenues**

In general, cash and cheques should be deposited regularly following the guidelines as set out by your insurance policy limits.

Deposits should clearly identify the source of the revenue I.E: Bar revenue, special events etc.

Whether the intent is to safeguard the funds or not, at no time should money be brought home or placed outside of the Branch. Funds must go from the Branch to the bank.

Branches typically have three bank accounts and as such you should have separate deposit books for each of the accounts. The three accounts are: Branch General Funds, Lottery Account and Poppy Account.

#### **1) Bar Sales:**

- Bar sales reports must be done daily. Should there be a change of bartender during the course of the day, each bartender should close their shift on the cash register and prepare a shift report.
- Cash registers should be set up to properly monitor the various items sold including the proper recording of HST collected.
- Any and all moneys collected at the bar must be keyed in to the cash register. This includes the collection of membership fees, ticket sales to special events, hall rentals etc.
- Disbursements should not be made from the funds collected at the bar. However, should there be a need to do so a proper receipt should be attached to the report to support the expense.
- At no time should monies be disbursed without proper supporting documents.
- Inventory adjustments related to issues such as stale items, the giving of a free drink and other like activities should be duly noted on the daily sales report.
- Bar sales must be posted to the ledgers using daily totals. The merging of numerous days and or the recording of the sales weekly is not conducive to budgeting.
- Deposits should be done daily and further the total deposit should balance with the total shown on the daily sales summary. Addition of other income to the deposit should be clearly identified on the deposit slip.

#### **2) Special Events:**

- Event reports should be prepared no later than 7 days after the event.

- When possible, prior to the opening of the special event a reading from the cash register of the sales to date should be taken. This will assist you in determining the difference between regular bar sales and sales resulting from the special event. This information can then be used in determining the viability of the event.
- The reports should include any and all expenses related to the event including advertising, supplies, door prizes etc.
- The report should also differentiate between those expenses that were paid for using income, such as paying for the band and those expenses that would have been paid for prior to the event.

### 3) Bingo and other Lottery Activities:

- A separate bank account has to be used for the depositing of these funds. At no time should this money be deposited to the general operations accounts.
- It is important to note that all activities that are Lottery related have to be deposited to this separate bank account. This includes but is not limited to: meat draws; 50/50 draws; Loonie and Toonie draws etc. Your basic guide should be: If you can win something.....it's a lottery.

### 4) Poppy Activities:

- As with the Lottery activities all Poppy money has to be deposited in a separate bank account.
- At no time should there be any floats or petty cashes set up using Poppy Funds.

## Section 3-B

### Processing and Reporting of Expenses

First and foremost, ensure that there are more than two signing officers. All cheques should carry a double signature. No cheques should be signed in blank and signees of cheques should not be related by blood, marriage or common-law relationships.

All cheques should be accompanied by supporting documents, or a request voucher, before it is signed. At no time should funds be disbursed without a proper supporting document / receipt.

All payments over an amount set by Branch regulations must be by cheque. Any cash payments must be by voucher, properly receipted, and by authorized persons only.

Maintain and use a cheque requisition system to ensure that a paper trail is available for all expenses related to the bar and special events activities.

Monthly disbursements related to the general operation and maintenance of your building does not require cheque requisitions. Examples of these would be your heat, hydro, etc.

When paying cash, in all instances you must get a receipt from the recipient of the funds.

It is important to record all expenses using the date that the transaction occurred. This means that a purchase made on April 11<sup>th</sup> would be recorded as such in your accounts payable. Subsequently, when the payment is made as an example on May 11<sup>th</sup>, the cheque would carry the May 11th date.

The payment of HST on your purchases must be captured in your ledgers on a per entry basis.

**1) Bar Expenses:**

- At all times the license issued by the Liquor Control Board must be used to purchase liquor and beer.
- All purchases made for re-sale should be included in the Cost of Goods Sold section of your Statement of Profit and Loss.
- Inventory controls should be in place to monitor all alcohol.
- Supplies should be requisitioned using a realistic assessment of the inventory required.
- Recording of the expenses to the ledgers should be done using the method of payment as your reference number. Disbursements that may have been paid using cash from the bar sales would be recorded during the posting of the bar sales report.
- Should supplies be purchased using terms for payment, the invoice must be recorded to your accounts payable using the date of purchase so that your balance sheet reflects your true financial position.

**2) Special Event Expenses:**

- Should sub accounts have been created to report your special events, an opposing account in the expense section of your Statement of Profit and Loss should also be created.

**3) Furniture and Equipment Replacement:**

Replacement of furniture and equipment that has worn out or broken is a normal part of the functioning of a Legion Branch – but the accounting for those costs has become inconsistent and confusing for members and the Royal Canadian Legion. As branches are not for profit organizations and as such do not file income tax returns or report earnings to the Canada Revenue Agency the income tax act is not a relevant guideline. Branches are required however to report their transactions to both their membership and the Royal Canadian Legion. It was decided that this is the time to standardize the reporting of furniture and equipment purchases and as such effective June 1, 2013 all furniture and equipment purchases should be reported as an operating expense in the year that the purchase occurs. This change will provide the membership with clearer reporting of the true cost transactions that have occurred and will enable the Legion to consistently assess operating results.

**4) Payroll and other employee remunerations:**

- For those branches who do hire employees you must strictly adhere to the regulations as set out by all of the governing bodies. These include:
  - a) Revenue Canada;
  - b) The Labour Board of Ontario;
  - c) Workman’s Compensation Board;
- At no time should a branch withhold funds from an employee. This includes instances where employees may want to have money kept on their behalf for future withdrawal.
- Any and all employees should sign a contract at the beginning of their employment clearly indicating the expectations, job description and remuneration.

- It is important to note that vacation pay as well as the payment for statutory holidays is a must for all who are remunerated through payroll.
- An employee cannot receive payment for services rendered both via payroll and via cash. Once an employee is on payroll, all payments must be reported using Revenue Canada's Guidelines.
- Allowances paid out for items such as travel or cell phone use carry taxable consequences depending on the method of payment.
- Payroll remittances for the source deductions is due and payable on the 15<sup>th</sup> of the month following;
- T4's must be issued no later than midnight on the last day of February annually;
- For those receiving honorariums or being paid cash for services rendered please note that a T4A must be completed for any person receiving a total of \$500.00 or more in the course of the calendar year;
- WSIB is payable on all employee wages as well as all payments made to sub-contractors. Exemption of payment for sub-contractors is deemed approved, only when they can supply a clearance certificate, confirming that they are remitting the WSIB premium themselves.
- WSIB premiums are payable following the schedule assigned to the branch;

5) Harmonized Sales Tax (HST):

- Registration for a Business Account with Revenue Canada is required for all businesses that have annual sales in the amount of \$30,000.00. It is important to note that this threshold is based strictly on sales and not the net profit of the firm or organization.
- HST is chargeable at a rate of 13% on almost all of your sales.
- Implemented in July of 2010, HST is not income but rather funds held in trust until such time as it must be remitted to CRA. In essence you are doing the government's job by collecting the money on their behalf. While doing this, the government also allows you to recover all of the HST that you paid on your purchases. These are referred to as Input Tax Credits or "ITC's". This is an area that creates confusion for several as the tendency is to view the HST as an income or an expense when in fact HST has no impact on your Statement of Profit and Loss. In most cases, the money collected and therefor owed to Revenue Canada far outweighs the amount that you paid on your purchases. As with any account payable, these funds are tracked in an account on your Balance Sheet. To help clarify we offer the following analysis:

Transaction One:

Your beer sales for the week are:	\$ 1,715.00
HST charged and collected was:	<u>\$ 222.95</u>
Total amount deposited to your bank account is:	\$ 1,937.95



<b>The result is:</b>	
<b>Deposited to your Bank account:</b>	<b>\$ 1,937.95</b>
<b>Because you have to remit the HST, the Beer sales reported on your Profit and Loss Statement are:</b>	<b>\$ 1,715.00</b>
<b>Payable to Revenue Canada as it appears in your Balance Sheet HST Account is:</b>	<b>\$ 222.95</b>

**Transaction Two:**

<b>You make a purchase at the Beer Store:</b>	<b>\$ 1,001.00</b>
<b>The HST charged and therefore paid out was:</b>	<b><u>\$ 130.13</u></b>
<b>Total funds withdrawn from your bank account:</b>	<b>\$ 1,131.13</b>

<b>The result is:</b>	
<b>Withdrawn from your Bank account:</b>	<b>\$ 1,131.13</b>
<b>Because you recover the HST, the Cost of Goods Sold on your Profit and Loss is:</b>	<b>\$ 1,001.00</b>
<b>ITC from Revenue Canada as it appears in your Balance Sheet HST Account:</b>	<b>\$ 130.13</b>

**HST Remittance:**

With the above two transactions having been recorded your Statement of Profit and Loss will show a profit in the amount of \$ 714.00 (\$1,715.00 minus \$1,001.00).

Your Balance Sheet shows that you owe Revenue Canada a total of \$ 92.82 (\$222.95 collected on the sales minus the \$130.13 you paid on your purchases).

- HST is chargeable on almost all of your sales including but is not limited to:
  - All liquor sales
  - All hall rental income
  - All sales of tickets for events
  - All prepared food over \$4.00
- We recommend that you read CRA's guide called HST for Ontario Point-of-Sale Rebate on Prepared Food and Beverages (Guide #GI-064) to ensure compliancy.
- There are few services that are exempt from GST, one of which is insurance. When viewing the invoices from your various insurance companies you will note that only the Provincial Sales Tax has been charged. When presented with cases such as this it is important to note that you cannot claim the Provincial Sales Tax charged as part of your HST ITC's.
- In most cases HST is payable on a quarterly basis.

## **Section 3-C**

### **Reconciliation of Accounts**

Upon completion of the data entry the next step is the reconciliation of your bank accounts. This must be done monthly and it is recommended that it be done as soon as your bank account statements have been received from the bank. The reconciliation should be performed not only on the general operations account but on all accounts.

For those using accounting software to record your financial transactions, the reconciliation modules must be used. At no time should an entry be posted to an "un-reconciled amount" or "reconciliation discrepancy" account as this in essence means that you do not balance.

It is during the reconciliation that most will record items such as bank charges, automated payments such as insurance and other monthly transactions.

For those branches carrying loans or mortgages, please note that the recording of the payment should be distributed between the principal and the interest being paid.

Financial Statements should not be presented prior to the reconciliation of your bank accounts.

# Contacts and Resources

## Various Governing Bodies

Canada Revenue Agency  
General Information – Businesses

[www.cra-arc.gc.ca](http://www.cra-arc.gc.ca)  
1-800-959-5525

Human Resources and Skills Development Canada  
General Information  
Records of Employment

[www.hrsdc.gc.ca](http://www.hrsdc.gc.ca)  
1-800-277-9914  
1-800-263-8364

Service Canada  
General Enquiries

[www.servicecanada.gc.ca](http://www.servicecanada.gc.ca)  
1-800-277-9914

Workman's Compensation Board  
General Enquiries

[www.wsib.on.ca](http://www.wsib.on.ca)  
1-416-344-1000

Ontario Ministry of Labour  
General Enquiries

[www.labour.gov.on.ca](http://www.labour.gov.on.ca)  
1-800-531-5551

## For further information please contact:

Ken Sorrenti  
Committee Chairman,  
Vice President Ontario Command

[ksorrenti@cogeco.ca](mailto:ksorrenti@cogeco.ca)

Nicole Casey  
Financial Consultant District

[microcor@rogers.com](mailto:microcor@rogers.com)



**Royal Canadian Legion  
Reading Financial Statements  
Training Manual**

May 2015

## **Section 5**

### **Reading Financial Statements**

Having reviewed the Chart of Accounts we invite you to see the benefits. Displayed on pages 14 to 19 you will find the sample financial statements that result from your new Chart of Accounts. Clearly laid out, it is easy to see the end result for each of your departments.

With the layout of your statements now in a clear format, we offer the following guidance with respect to understanding the numbers that appear on the statements.

First, the Statement of Profit & Loss is simply a summary of all money's collected and paid out during the period. Put in accounting language, they are your income and expenses. When looking at the income section, included would be any money you would have collected even if it has not been deposited at the bank yet. Likewise, the values recorded in the expense section would include all your expenses whether your supplier has been paid or not.

Second is the Balance Sheet which represents the branch's assets, liabilities and equity. Simply put the assets are what the branch owns, the liabilities are what the branch owes to others and the equity includes the historical end result of the branch's financial activities.

## **Section 6**

### **Reading Financial Statements – Cheat Sheet**

The following is a step by step guide on how to not only view, but interpret the numbers that appear on the financial statements. Please refer to page 30 for a sample Balance Sheet and to page 33 for a sample Statement of Profit & Loss

#### **Step 1 – Ensuring the books and ledgers balance.**

There are two steps to confirming that the books and ledgers balance.

First, go to the Balance Sheet and ensure that the Total Assets equal the Total Liability and Equities. If they do not then it means that the books do not balance.

Second, while on the Balance Sheet make note of the Net Income that is recorded in the Equity section. You then go to your Statement of Profit and Loss and ensure that the Net Income carries the same value that appears on the Balance Sheet. This step ensures that all transactions have been reflected on the statements. If the value is different it means that transactions have been posted in such a way that they are not included in the current Statement of Profit and Loss.

The key question when viewing Financial Statements is: Are the bank accounts reconciled? If they are not then the values presented may be inaccurate.

## **You are now ready to interpret your Financial Statements**

### **Step 2 – Interpreting the Balance Sheet**

Recommended is the viewing of the Balance Sheet first. The main reason is that you need to have a picture of the branch's financial position before you can determine if they need assistance or guidance.

Although the assets are important, the liability section warrants more scrutiny as it is this section that will confirm what the branch owes to their suppliers and various government agencies. The following are key accounts that should appear on every Balance Sheet.

**1. Accounts Payable:**

It is virtually impossible for a branch to have no accounts payable. The reason is that invoices from suppliers, such as utilities, are not always paid on the day of receipt. If a branch has no accounts payable on their Balance Sheet there is a strong likelihood that they are recording the expenses using the date of payment rather than the date the expense was incurred, a practice that leads difficulty in budgeting as a result of the expense not being posted to the appropriate period.

**2. GST/HST Liability Account:**

As with the accounts payable, there is always HST money either owed to the Federal Government or waiting to be refunded to the branch.

**3. Payroll Government Remittance Account:**

For those branches that do have employees there is always an amount due to the government, this as a result of the schedule Revenue Canada has set for remitting payroll deductions. Amounts withheld from the employees for CPP, EI and Tax are due and payable on the 15<sup>th</sup> of the month following the payroll. As such the Balance Sheet should always have a liability in this section.

Returning now to the asset section, the following are some tools to assist you with interpreting their values.

**4. Bank and investment account balances should be noted to ensure that there is financial stability. Of importance is to confirm that all accounts have been reconciled. Confirmation of this can be made by way of requesting a reconciliation report.**

**5. Bar and other floats should then be checked for reasonability.**

**6. If there is a "Cash to be deposited" account, the value recorded should be reviewed to ensure that the amount is not excessive. The question married to this account is: How many days of sales are represented in this balance?**

# Royal Canadian Legion

## Reading your Balance Sheet

### ASSETS

#### Current Assets

##### Chequing/Savings

Bank Acct - General Operating 37,321.77

Building Fund 2,703.00

Total Chequing/Savings 40,024.77 F-1

##### Other Current Assets

Bar Floats 600.00

Inventory 4,296.33

Investments 20,000.00

Total Other Current Assets 24,896.33 F-2

Total Current Assets 64,921.10

#### Fixed Assets

Building 280,000.00 F-3

Total Fixed Assets 280,000.00

**TOTAL ASSETS 344,921.10 F = What you have/own.**

### LIABILITIES & EQUITY

#### Liabilities

##### Current Liabilities

Accounts Payable 2,798.81

Total Accounts Payable 2,798.81 G-1

##### Other Current Liabilities

GST/HST Payable 3,599.83 G-2

Payroll Liabilities 818.66

Total Payroll Liabilities 818.66 G-3

Total Liabilities 4,418.49

Total Current Liabilities 7,217.30

**Total Liabilities 7,217.30 G = What you owe to others.**

#### Equity

Retained Earnings 326,237.21 H = Result -previous years activities.

Net Income 11,466.59 E = From your Profit & Loss Statement - Current year position.

Total Equity 337,703.80

**TOTAL LIABILITIES & EQUITY 344,921.10 I = F: This means your books balance.**

### Step 3 – Interpreting the Statement of Profit and Loss

With the above steps completed, you are now ready to interpret the Statement of Profit and Loss. The amount of time required to perform this task is dependent on two main questions.

1. Did the branch have an overall loss during the fiscal period?
2. How does the Net Income compare to the previous year?

The following are suggested tests that should be performed on the Statement of Profit and Loss.

#### 1. Bar Operations:

Using the Sample Financial Statements enclosed the following are the steps to confirm profitability:

a) Take the Total Bar Income (A-1)	\$ 98,895.60
b) Subtract the Bar Cost of Goods Sold (B-1)	<u>- 52,320.26</u>
c) Sub Total	\$ 46,575.34
d) Subtract the Bar Expenses (D-1)	<u>- 4,510.61</u>
e) Sub Total	\$ 42,064.73
f) Subtract the Bar Payroll (D-6)	<u>- 20,049.20</u>
g) Net Bar Income	\$ 22,015.53

With this test completed we can see that the bar activities were profitable.

#### 2. Building Maintenance:

With the available funds from the bar activities now confirmed, the analysis should be taken to the second step which is ensuring that the profit is covering the maintenance of the Building. Using again the Sample Financial Statements we offer the following suggested test.

a) Net Bar Income (From above)	\$ 22,015.53
b) Add the Hall Rental Income (A-4)	<u>5,900.00</u>
c) Sub Total	\$ 27,915.53
d) Subtract the Building Expenses (D-2)	<u>- 21,816.11</u>
e) Net result	\$ 6,099.42

In this case it is clear that the Bar Activities and the Rental income have been enough to cover the maintenance of the building.

It is important to note that the above sample does not include any major expenditure for building repairs or equipment purchased. Should there be a major expense during the period the value should be deducted from the Net result in order to give you the proper annual / regular building maintenance expenses.



If the analysis proves to lead to a negative net result, we recommend that of each of the expense accounts be viewed to determine whether budgeting cuts can be made. Clearly if none are realistic it means that the Net Bar Income is not sufficient to cover the maintaining of the building and as such the branch needs to increase the profitability of the bar activities.

**3. Other Operations:**

With the above two main areas of the Statement of Profit and Loss having been reviewed, the remaining operations should be viewed for their respective profitability. The same exercise can be done for each section or category as was used above.

We offer the following sample analysis related to the Events section:

a) Event Income (A-2)	\$ 12,979.05
b) Event Expenses (D-3)	<u>- 8,627.34</u>
c) Net Event Income	\$ 4,351.71

It is important to note that using a comparative Statement of Profit & Loss will also help you determine major variances, something that will also help you determine where you need to pay more attention to being cost effective.

## Royal Canadian Legion Reading your Statement of Profit & Loss

<b>INCOME</b>		
<b>BAR INCOME</b>		
Beer	71,264.39	
Liquor	27,631.21	
<b>Total BAR INCOME</b>	<u>98,895.60</u>	<b>A-1</b>
 <b>EVENTS INCOME</b>		
Friday Night Dinners	12,979.05	
<b>Total EVENTS INCOME</b>	<u>12,979.05</u>	<b>A-2</b>
 <b>OTHER INCOME</b>		
Catering	14,760.00	
Membership Dues	5,175.00	
<b>Total OTHER INCOME</b>	<u>19,935.00</u>	<b>A-3</b>
 <b>RENTAL INCOME</b>		
Hall Rentals	5,900.00	<b>A-4</b>
<b>Total RENTAL INCOME</b>	<u>5,900.00</u>	
 <b>SPORTS INCOME</b>		
Darts	627.00	
<b>Total SPORTS INCOME</b>	<u>627.00</u>	<b>A-5</b>
 <b>TOTAL INCOME</b>	 138,336.65	 <b>A = Total income of all your activities.</b>
 <b>COST OF GOODS SOLD</b>		
<b>BAR CGS</b>		
Beer	37,057.28	
Liquor	15,262.98	
<b>Total BAR CGS</b>	<u>52,320.26</u>	<b>B-1</b>
 <b>TOTAL COST OF GOODS SOLD</b>	 <u>52,320.26</u>	 <b>B = What it cost you to earn "A".</b>
 <b>GROSS PROFIT</b>	 86,016.39	 <b>C = What your income actually is.</b>
 <b>EXPENSES</b>		
<b>BAR EXPENSES</b>		
Bar Short/Over	141.09	
Bar Supplies	4,369.52	
<b>Total BAR EXPENSES</b>	<u>4,510.61</u>	<b>D -1</b>

## Royal Canadian Legion Reading your Statement of Profit & Loss

<b>BUILDING EXPENSES</b>		
Cleaning	6,240.00	
Hydro	9,003.21	
Insurance	6,572.90	
<b>Total BUILDING EXPENSES</b>	<b>21,816.11</b>	<b>D-2</b>
 <b>EVENTS EXPENSES</b>		
Friday Night Dinners	8,627.34	
<b>Total EVENTS EXPENSES</b>	<b>8,627.34</b>	<b>D-3</b>
 <b>OPERATIONAL EXPENSES</b>		
Advertising & Promotion	1,772.60	
Bank & Service Charges	407.21	
Catering Expenses	7,426.34	
Liability Insurance - Directors	3,200.00	
Per Capita & Membership Fees	4,716.00	
Telephone & Internet Expenses	1,562.39	<b>D-4</b>
<b>Total OPERATIONAL EXPENSES</b>	<b>19,084.54</b>	
 <b>PAYROLL EXPENSES</b>		
Employer CPP & EI	818.20	
Wages - Bar	19,231.00	
<b>Total PAYROLL EXPENSES</b>	<b>20,049.20</b>	<b>D-5</b>
 <b>SPORTS EXPENSES</b>		
Darts	462.00	
<b>Total SPORTS EXPENSES</b>	<b>462.00</b>	<b>D-6</b>
 <b>TOTAL EXPENSES</b>	 <b>74,549.80</b>	 <b>D = Expenses that have to be covered by your Gross Profit "C".</b>
 <b>NET INCOME</b>	 <b>11,466.59</b>	 <b>E = Profit or Loss for the period.</b>